[Mr. K. George.]

PRESIDENT: Mr. George will now introduce the Budget Estimate for the year 1098.

FINANCIAL STATEMENT.

MR. K. GEORGE: SIR, I beg to introduce the Budget Estimate for the year 1098. Budgeting this year has been a task of considerable difficulty. Members will observe that the Budget as presented is different in form from those of previous years. To bring out a Budget arranged in such manner as will facilitate discussion and voting, we have had first of all to completely recast the heads of revenue and expenditure. Besides, the division of expenditure into votable and non-votable involved considerable labour and often occasioned much perplexity. Another factor which added greatly to our difficulty was the revisions of salary and staff which the Government have recently sanctioned in most departments. These revisions were undertaken after the departmental heads had submitted their budgets and have gone on even until the last stage of budget preparation. We have as yet no exact information of the pay which the revised staff will receive and have not thus been able to provide the actual amounts required for salaries of officers and establishments in the new year. Consequently, the amounts provided have been calculated on the average cost of the sanctioned appointments. Thus, altogether the preparation and printing of the Budget involved an unusual amount of difficulty and labour and, if there are any defects and errors in it, as very probably there will be, I trust the Council will generously excuse them.

REVIEW OF 10 YEARS.

2. I believe that there is a general impression that expenditure in the State has been growing in recent years out of all proportion to its revenues and the fear is often expressed that we are drifting, consciously or unconsciously, into bankruptcy. The apparently abnormal increase of expenditure during the last 3 years would also seem to justify this charge. I, therefore, think that it will not be out of place to give here a brief review of the State's finances for the past 10 years, *viz.*, from 1087 to 1096. That would cover a pre-war period of 3 years, the period of the war and a post-war period of 3 years. In 1087 our revenue amounted to Rs. 138 lakhs and the expenditure met from revenue to Rs. 135 lakhs leaving a revenue surplus of Rs. 3 lakhs. The revenue and expenditure rose to Rs. 155 lakhs and Rs. 152 lakhs respectively in 1089, leaving us again a revenue surplus of Rs. 3 lakhs. The year 1090, which was the first year of the great war, witnessed a sharp fall of Rs. 6 lakhs in our revenues, but against this there was an increased expenditure of Rs. 10 lakhs. The combined result of both was a large revenue deficit of Rs. 13 lakhs. In 1091 the revenue partially revived and by making drastic cuts in expenditure to the extent of Rs. 17 lakhs we were able to close the year with a surplus of Rs. 7 lakhs to our credit. Between the years 1091 and 1094 the revenue rose by Rs. 29 lakhs (from Rs. 153 lakhs to Rs. 182 lakhs), *i. e.*, at the average rate of Rs. 7¼ lakhs a year. Expenditure did not, however, grow with equal

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